

In the Matter of)	ORDER NO. D06-178
REGENCE BLUECROSS BLUESHIELD OF OREGON)))	CONSENT AND ORDER LEVYING A FINE
An Authorized Health Care Service Contractor	•	•

FINDINGS OF FACT

Regence BlueCross BlueShield of Oregon ("Regence of OR" or "the company") 1. is authorized to conduct business in the state of Washington as a Health Care Service Contractor.

Regence of Oregon's service area in Washington is Clark, Skamania, and 2. Klickitat counties. Regence of Oregon considers Clark County its Region 6, and

Skamania and Klickitat Counties as its Region 7.

In 2005, the OIC received two new small group plan filings from Regence of OR, 3. with rates filed for Clark County only. When OIC asked for the company's rates for these policies for Skamania and Klickitat counties (Region 7), Regence of OR responded that it would not be filing rates for those counties because it was withdrawing from those counties per an agreement with its Blue Cross / Blue Shield Association.

Regence of OR informed OIC that, although it wished to continue doing business 4. in Clark County, it stopped selling new policies in Skamania and Klickitat counties at least as long ago as 1998. Then, in 2004, RCW 48.43.035 was amended. (ESHB 2460.) The company states that it read the amendments as allowing it to nonrenew its small group policies in its Region 7. It has therefore nonrenewed a total of seven small groups in this region.

The company's reading of the amendment is incorrect and, in any case, Regence 5. of OR was not following the notice requirements for nonrenewal set forth in

RCW 48.43.035.

At the OIC's requirement, Regence of OR reviewed its files and identified seven 6. small groups which had been inappropriately nonrenewed under this misreading of the statute. The company offered to reinstate these groups' coverage, and did so for the two groups that chose to return to Regence of OR.

Consent and Order Levying a Fine Upon Regence BlueCross BlueShield of Oregon Page 2 of 3

CONCLUSIONS OF LAW

1. By refusing to renew seven small-group policies in Skamania and Klickitat counties, Regence of OR violated the guaranteed issue and continuity provisions of RCW 48.43.035.

CONSENT TO ORDER

NOW, THEREFORE, Regence BlueCross BlueShield of Oregon consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of the company's payment of a fine on such terms and conditions as are set forth below:

- 1. Regence of OR consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of this Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order,
- 2. Within thirty days of the entry of this Order, Regence of Oregon agrees to pay to the OIC a fine in the amount of \$14,000 (Fourteen-Thousand- Dollars);
- 3. Failure to pay the fine set forth in paragraph two shall constitute grounds for the revocation of the company's certificate of authority; and
- 4. Regence of OR understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this <u>23</u> day of _	May , 2006.
	() REGENCE BLUECROSS BLUESHIELD OF OREGON
	By: A minulal
	Title: Ordican

ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Regence BlueCross BlueShield of Oregon is ordered to pay a fine in the amount of \$14,000.

Consent and Order Levying a Fine Upon Regence BlueCross BlueShield of Oregon Page 3 of 3

2. The company's failure to pay the fine within the time limit set forth above shall result in the revocation of the company's Certificate of Authority, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 15th day of June, 2006

Mike Kreidler

Washington State Insurance Commissioner

Andrea L. Philhower

Staff Attorney, Legal Affairs Division